

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

September 2004

National Commodity Price for Butter Drops Significantly . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk and Cheddar cheese were relatively unchanged, however the Grade A butter price increased. The prices for whole, reduced fat, and lowfat milk rose slightly while skim milk prices decreased slightly: whole milk increased three and one tenth cents per gallon; reduced fat milk increased one and four tenths cents per gallon; lowfat milk increased three tenths of a cent per gallon; and skim milk decreased six tenths of a cent per gallon.

*See lowest reported lawful retail milk prices on page 2.

In California and nationally, the weather was unseasonably mild during the summer which translated into more milk being produced and that milk had more solids - butter and nonfat - in it. The retail sales of milk declined during the summer months and more milk was diverted to ice cream, butter, and cheese production. During the summer, cheese production remained strong and ice cream sales continued to favor the lowfat and nonfat varieties. However, school is back in session now which will increase the demand for fluid milk products.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for October 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.377	\$0.688	\$0.344	\$0.172	\$0.115	\$0.086
Reduced Fat (2%)	\$1.230	\$0.615	\$0.307	\$0.154	\$0.102	\$0.077
Lowfat (1%)	\$1.141	\$0.571	\$0.285	\$0.143	\$0.095	\$0.071
Nonfat (Skim)	\$0.846	\$0.423	\$0.212	\$0.106	\$0.071	\$0.053
Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.400	\$0.700	\$0.350	\$0.175	\$0.117	\$0.088
Reduced Fat (2%)	\$1.254	\$0.627	\$0.313	\$0.157	\$0.104	\$0.078
Lowfat (1%)	\$1.165	\$0.583	\$0.291	\$0.146	\$0.097	\$0.073
Nonfat (Skim)	\$0.871	\$0.435	\$0.218	\$0.109	\$0.073	\$0.054
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.031	\$0.016	\$0.008	\$0.004	\$0.003	\$0.002
Reduced Fat (2%)	\$0.014	\$0.007	\$0.004	\$0.002	\$0.001	\$0.001
Lowfat (1%)	\$0.003	\$0.001	\$0.001	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.006↓	\$0.003↓	\$0.001↓	\$0.001↓	\$0.000	\$0.000

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

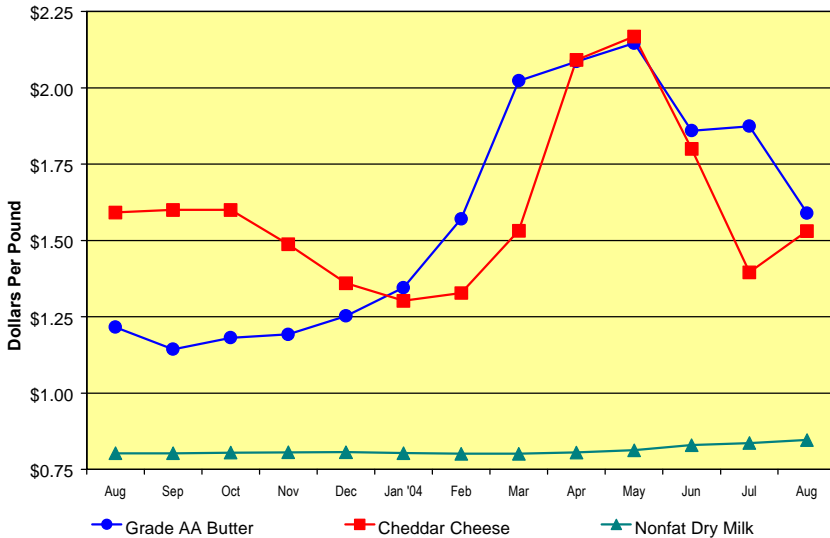
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Nov	\$0.18	\$1.15	\$0.44
Dec	\$0.18	\$1.16	\$0.45
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63

National Commodity Prices August 2003 - August 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk September 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.75	\$2.38
2% Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.59	\$1.80
<u>Southern California</u>		
Whole Milk	\$4.69	\$2.35
2% Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.45	\$1.73

This newsletter can also be found on our website at:
www.cdfta.ca.gov/dairy/milkpricing_nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfta.ca.gov, or by contacting TDD 1-800-735-0193.

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